



Colorado Aircraft Manufacturer New Employee Credit

The Credit:

Aircraft manufacturers located in a Colorado aviation development zone may qualify for a state income tax credit of \$1,200 per new employee.

Aviation Development Zone Manufacturers:

An aviation manufacturer is defined as a business involved in the production of aircraft parts specifically used in the manufacture of aircraft or a business involved in the development of a proof of concept or prototype aircraft, a test and evaluation aircraft, a certification aircraft, or a production aircraft. An "aviation development zone" is any airport in Colorado that is a public-use facility designated by the FAA in its latest National Plan of Integrated Airport Systems, which has registered with the Colorado Office of Economic Development & International Trade.

A business or portion of a business involved in the maintenance of aircraft is not eligible. If a facility performs both manufacturing and maintenance functions, only employees working exclusively in the manufacturing portion of the business may qualify for the credit.

New Aviation Zone Employees:

The credit applies to full-time employees (working at least 35 hours per week). The number of aviation zone employees at an aircraft manufacturer's facility during a year is calculated as the average of the number of employees at the facility on the last business day of each month during the tax year. The facility must employ 10 or more employees. The credit is \$1,200 times the increase in the average number of aviation zone employees for the tax year over the previous base number of employees at that facility.

When:

The credit is available for tax years beginning on or after January 1, 2006. Under current law, the credit expires January 1, 2017.

The credit is available to all types of business entity. Partnerships and S corporations may pass the credit through to their members. Any credit in excess of tax liability may be carried forward for a period of up to 5 years.

Reporting:

Any aircraft manufacturer that claims an aircraft manufacturer new employee credit must file Form DR 0085 "Aircraft Manufacturer New Employee Credit Progress Report" with the Department of Revenue and the Office of Economic Development within 90 days of the end of its income tax year. The report is a public record and available for inspection by any person at the Office of Economic Development.

Contact:

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Additional Information, see Department of Revenue FYI Income #62,
http://www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=Income.